

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE



1959
ANNUAL
REPORT

Anheuser-Busch
I N C O R P O R A T E D

OFFICERS

AUGUST A. BUSCH, JR.
President
R. A. MEYER
*Vice President and
General Manager*
FRANK H. SCHWAIGER
*Senior Vice President
—Brewing*
WILLIAM BIEN
Vice President
C. J. HAUSER
Vice President
HENRY N. MCCLUNEY
Vice President
JOHN FLANIGAN
Vice President
ARTHUR E. WEBER
Vice President
WALTER T. SMITH, JR.
Vice President
HUGO WANINGER
Vice President
ROSSWELL E. HARDY
Vice President
J. KENNETH HYATT
Vice President
R. C. GADSBY
Vice President
THOMAS C. BURROWS
Vice President
MARVIN D. WATERS
Controller
K. SIEBERT
Secretary
REID MCCRUM
Treasurer
C. E. EHRHARDT
Assistant Controller
THOMAS J. CARROLL
Assistant Secretary
JOHN L. HAYWARD
Assistant Secretary
A. L. WEBER
Assistant Treasurer

DIRECTORS

EBERHARD ANHEUSER
WILLIAM S. ANHEUSER
AUGUST A. BUSCH, JR.
Chairman of the Board
DAVID R. CALHOUN, JR.
JOHN FLANIGAN
A. VON GONTARD
Vice Chairman of the Board
ANDREW W. JOHNSON
JOHN F. KREY II
H. NORRIS LOVE
J. W. MCAFEE
ADOLPH B. ORTHWEIN
CURT H. REISINGER
ETHAN A. H. SHEPLEY
JOHN L. WILSON

EXECUTIVE COMMITTEE

AUGUST A. BUSCH, JR.
Chairman
JOHN L. WILSON
Vice Chairman
DAVID R. CALHOUN, JR.
A. VON GONTARD
ANDREW W. JOHNSON
J. W. MCAFEE

STOCK TRANSFER AGENTS

ST. LOUIS UNION
TRUST COMPANY
510 Locust Street
St. Louis 1, Missouri
CHEMICAL BANK
NEW YORK TRUST
COMPANY
30 Broad Street
New York 15, N. Y.

STOCK REGISTRARS

MERCANTILE TRUST
COMPANY
721 Locust Street
St. Louis 1, Missouri
MORGAN GUARANTY
TRUST COMPANY
OF NEW YORK
30 West Broadway
New York 15, N. Y.

DEBENTURES— TRUSTEE, REGISTRAR AND PAYING AGENT

MANUFACTURERS
TRUST COMPANY
55 Broad Street
New York 15, N. Y.



ANNUAL REPORT

TO

SHAREHOLDERS OF
ANHEUSER-BUSCH,
INCORPORATED

SAINT LOUIS, MISSOURI

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THE YEAR AT A GLANCE

	1959	1958
YEAR ENDED DECEMBER 31st		
Barrels of beer sold.....	8,064,756	6,982,022
Sales—less freight, discounts and allowances.....	\$382,724,798	\$331,723,834
Inventory turnover in cost of sales.....	7.0 times	6.5 times
All costs and expenses except taxes.....	261,986,160	230,248,488
All taxes.....	107,709,966	90,639,040
Per share.....	22.20	18.79
Earnings.....	13,028,672	10,836,306
Ratio to net sales.....	4.4%	4.2%
Return on average invested capital.....	9.9%	8.6%
Per share.....	2.69	2.25
Cash dividends paid.....	6,040,361	5,786,647
Per cent of earnings distributed.....	46%	53%
Per share.....	1.25	1.20
Earnings retained.....	6,988,311	5,049,659
Provision for depreciation charged to operations..	10,082,726	8,496,850
Capital expenditures.....	13,789,738	22,816,290
FINANCIAL CONDITION AT DECEMBER 31st		
Current assets.....	\$ 58,335,582	\$ 55,244,562
Current liabilities.....	12,166,414	13,083,070
Working capital.....	46,169,168	42,161,492
Working capital ratio.....	4.8 to 1	4.2 to 1
Per share.....	9.52	8.74
Net property.....	106,281,388	102,646,146
Per share.....	21.90	21.29
Other assets and deferred charges.....	9,115,462	9,277,056
Per share.....	1.88	1.92
Long-term debt.....	\$ 25,716,000	\$ 25,760,000
Per share.....	5.30	5.34
Net worth—capital stock and surplus.....	135,850,018	128,324,694
Per share.....	28.00	26.61
Number of shares outstanding at December 31st.....	4,851,698	4,822,518
Number of shareholders at December 31st.....	20,394	20,485
Number of employees at December 31st.....	8,687	8,528
Total payroll cost.....	\$ 70,438,238	\$ 63,517,997



THE PRESIDENT'S LETTER ...

To the Shareholders of Anheuser-Busch, Incorporated:

The year 1959 was a good year for Anheuser-Busch.

We sold the largest volume of beer in the history of this or any other brewery. Increases in volume were noted in all of our brands.

Net sales for the year were \$295,992,022, an increase of \$38,879,174 or 15.1% over the \$257,112,848 net sales of 1958.

Earnings for the year amounted to \$13,028,672 or \$2.69 per share, compared with \$10,836,306 or \$2.25 per share in 1958.

Beer sales of 8,064,756 barrels exceeded 1958 sales by 1,082,734 barrels. In 1958 Anheuser-Busch sales represented 8.1% of the brewing industry tax paid withdrawals in the United States. In 1959 our share was 9.1%. Total industry taxpaid withdrawals were 87,622,845 barrels in 1959.

In 1955 we brought Busch Bavarian beer into being. Sales have increased substantially in practically every market and we continue to predict a great future for this fine beer. Further increases in volume will be limited only by our capacity to produce a greater volume.

During the year the Company contracted to dispose of its cabinet division to Universal Match Corporation. Profit from the sale will be realized when the transaction is completed in 1960.

Yeast and corn products continue to show increases in sales and earnings. Net sales in this division were up 8.3% over 1958.

Expansion of our plants in Tampa, Florida and Los Angeles, California was made necessary by our sales trend in 1959 and sales estimates for the future. We also have acquired property in Houston, Texas for construction of an Anheuser-Busch brewery to serve the Southwest.

We are very pleased with the tremendous public acceptance of Busch Gardens which adjoins the Tampa brewery. Not only have large crowds visited the Gardens, but it also has been written up in numerous local and national newspapers and magazines. It has become one of the show places of the area. Shareholders are cordially invited to visit the beautiful Tampa brewery and Busch Gardens whenever they are in that vicinity.

Details of the consent decree which we signed with the Federal Court have already been given to shareholders in a previous letter and are explained

further in another section of this report. As I told shareholders recently, it does point up the fact that Anheuser-Busch plans are geared to expansion of existing plants and construction of additional facilities.

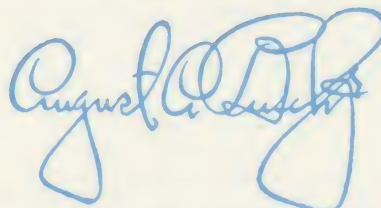
Any forecast of the future can at best be only the judgment of your management. There are many unanswered questions that must be considered in any comment on this subject. Certainly, among these are the increased costs of doing business and their effect upon our prices and profits. We must also take into consideration the general economic climate of the nation.

However, it is our opinion that the year ahead will be a good one. We have established higher sales goals in each division of the Company and our sales staff is the very best in the industry. We also have an outstanding organization of wholesale distributors throughout the nation.

We are currently the leaders in the brewing industry. I can assure our shareholders that we are alert to every opportunity to improve our position in every phase of the industry.

On behalf of the entire management group of Anheuser-Busch, I express sincere appreciation for the confidence expressed in your officers and directors.

Respectfully submitted,



President and Chairman of the Board

St. Louis, Missouri, March 17, 1960.

THE
ANNUAL
MEETING

of the shareholders of the Company will be held on Wednesday, April 13, 1960, at 10:00 a.m. A notice of that meeting and proxies on behalf of the management will be sent to the shareholders on or about March 21, 1960.

REVIEW OF THE YEAR

Condensed statement of consolidated earnings and beer volume by quarters is shown below.

In Thousands.....			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Barrels sold (all beers).....	1,637	2,208	2,433	1,787
Net sales.....	\$60,938	\$80,468	\$87,884	\$66,702
Depreciation provision.....	2,303	2,517	2,636	2,627
Income before taxes.....	4,719	8,238	10,643	5,475
Earnings.....	2,216	3,965	4,893	1,955
Per share.....	.46	.82	1.01	.40

Return on average invested capital for the year was 9.9%, compared with 8.6% for 1958, and the ratio of earnings to net sales increased to 4.4% compared with 4.2% for 1958.

In 1959, cash dividends of \$1.25 per share were paid; 30c in each of the first three quarters and 35c in the fourth quarter. During each of the nine preceding years, cash dividends amounted to \$1.20 per share. The Company has paid a cash dividend in each of the past 27 years, and a stock dividend in the years 1953 and 1954.

In 1959 package beer sales were 83.6% of total volume, with 61.5% of package beer sold in cans and nonreturnable bottles, cans accounting for 53% of the total package beer volume. Approximately 81% of the beer sold by the Company in 1959, measured in barrels, reached retail channels through over 900 independent wholesaler distributing points which serve various marketing areas throughout the country.

A summary of the consolidated income statement on page 14 for the past two years shows the increases that took place during 1959.

In Thousands.....		
	1959	1958	Increase
Net sales.....	\$295,992	\$257,113	\$38,879
Per cent.....			15.1%
Cost of doing business.....	266,917	234,624	32,293
Per cent.....			13.8%
Income before taxes.....	29,075	22,489	6,586
Per cent.....			29.3%
Tax provision.....	16,046	11,653	4,393
Per cent.....			37.7%
Earnings.....	13,029	10,836	2,193
Per cent.....			20.2%

Working Capital

Working capital at December 31, 1959 was \$46,169,168, an increase of \$4,007,676 over December 31, 1958. Working capital ratio improved to 4.8 to 1. Cash and governments (excluding tax bills deducted from current liabilities) aggregated \$19,637,479, or 1.6 times current liabilities of \$12,166,414.

The following statement summarizes the flow of funds for the past three years and accounts for the changes in working capital.

In Thousands.....		
	1959	1958	1957
SOURCE OF FUNDS			
Net earnings.....	\$ 13,029	\$ 10,836	\$ 9,777
Depreciation provision.....	10,083	8,497	7,508
Long-term indebtedness.....		2,700	
Proceeds from stock options exercised.....	537	8	2
Total.....	\$ 23,649	\$ 22,041	\$17,287
DISPOSITION OF FUNDS			
Additions to property accounts.....	\$ 14,190	\$ 23,137	\$ 5,732
Dividends paid.....	6,040	5,787	5,786
Debt liquidation.....	44	4,171	1,318
Other items.....	(633)	109	(675)
Total.....	\$ 19,641	\$ 33,204	\$12,161
Working capital increased or (decreased).....	\$ 4,008	(\$ 11,163)	\$ 5,126

Income Dollar Allocations

Comparison of the changes in the analysis of the Company's sales dollar for 1959 and 1958 is shown below:

In Thousands.....			
	1959	%	1958	%
For materials and supplies.....	\$141,718	35.6	\$122,409	35.5
To governments for taxes.....	107,710	27.0	90,639	26.3
To employees for salaries, wages and benefits.....	68,976	17.3	62,357	18.1
For all other costs and expenses.....	66,700	16.8	58,117	16.9
Total costs and expenses.....	385,104	96.7	333,522	96.8
Cash dividends paid to shareholders.....	6,040	1.5	5,787	1.7
Earnings retained in business.....	6,988	1.8	5,050	1.5
Sales dollar.....	\$398,132	100.0	\$344,359	100.0

Taxes

Total taxes applicable to 1959 operations (not including the many hidden taxes included in materials and services purchased) amount to \$107,710,000; direct taxes for the last three years were:

In Thousands.....		
	1959	1958	1957
Federal and state excise taxes on beer.....	\$ 86,956	\$ 74,803	\$ 66,476
Federal and state income taxes.....	16,046	11,653	10,178
All other taxes.....	4,708	4,183	3,766
Total.....	\$107,710	\$ 90,639	\$ 80,420
Per share.....	22.20	18.79	16.68

Federal income tax returns have been examined through the year 1958, settlements agreed upon, and the additional taxes paid.

Property

The following schedule presents expenditures made in the past five years, exclusive of cabinets leased to others and cost of Busch Stadium improvements.

1955.....	\$ 4,459,000
1956.....	4,346,000
1957.....	5,611,000
1958.....	22,816,000
1959.....	13,790,000
Total.....	\$51,022,000

Our Tampa brewery was completed in 1959. Expansion of the Tampa brewery is now in progress with completion scheduled during the second quarter of 1960.

Depreciation provision of \$10,083,000 includes \$1,314,000 of accelerated depreciation provided by methods permitted pursuant to the Internal Revenue Code.

Shareholders

At the close of the year, shareholders numbered 20,394 compared to 20,485 at the end of 1958.

	Holders of Record	Shares Held
Men.....	5,866	1,100,316
Women.....	5,822	1,469,866
Joint names.....	7,657	645,102
Fiduciaries.....	573	868,540
Institutions and foundations.....	33	29,771
Stock brokers and security dealers.....	143	168,347
Nominees and others.....	300	569,756
Total.....	20,394	4,851,698

Employee Relations

At December 31, 1959, employment was 8,687. Salaries and wages to officers and employees amounted to \$62,842,915; pension, life insurance, welfare benefits and payroll taxes aggregated \$7,595,323.

The only work stoppage during the year was at the Newark brewery and covered period from April 10 to May 20.

Farm Products

Farm products purchased by the Company in 1959 had an aggregate value of \$34,687,000. Processing of brewers grains and corn produced 95,000 tons of high protein feed having a sales value of \$4,816,000, which was returned to the farm as feed.

The American farmer supplies the domestic hops, malt, barley, rice, and other grains used in the production of beer; corn for various products produced from corn; and molasses used in the production of yeasts.

In the brewing of Budweiser, the Company is one of the few breweries using rice exclusively as an adjunct grain to barley malt.

Research

The Company is actively engaged in research to improve present products and processes, develop new products, increase efficiency and reduce manufacturing cost.

New products have been developed for the dried yeasts and derivatives department and for the corn products department, to assist these departments in maintaining a competitive position in those fields where technological changes occur rapidly and frequently. The development of new corn syrups for use in bulk liquid sugar installations in the baking industry has resulted in increased sales. Process research has resulted in improvements in quality and decreased manufacturing costs in the bakers yeast and corn products operations.

St. Louis Cardinals

Consolidated operations of the Cardinals and its minor league clubs for their fiscal year ended October 31, 1959, resulted in a net gain of \$6,285 after credit for excess income tax reserve by reason of Federal income tax settlement having been made for years through 1958. For the period from March 10, 1953 (acquisition date) to October 31, 1959, the operations of the Cardinals resulted in a net loss of \$87,123. After the 1959 baseball playing season ended, the Cardinals disposed of its two remaining minor league clubs at Omaha, Nebraska, and Wytheville, Virginia. In 1960 the Cardinals have working agreements with nine minor league baseball clubs.

Management Changes

During 1959, Mr. Edwin Kalbfleish, Controller, who had been with the Company since 1936, retired from service. Mr. John L. Wilson, Executive Vice President, resigned in order to become President and Chief Executive Officer of Universal Match Corporation. Mr. Adolph B. Orthwein resigned as Vice President in charge of operations.

The following officers and employees were promoted to the positions named:

R. A. MEYER — *Vice President and General Manager*
FRANK H. SCHWAIGER — *Senior Vice President — Brewing*
C. J. HAUSER — *Vice President — Administration*
HENRY N. McCLUNEY — *Vice President — Operations*
R. C. GADSBY — *Vice President — Brewing*
THOMAS C. BURROWS — *Vice President — Brewery Sales*
MARVIN D. WATERS — *Controller*
JOHN L. HAYWARD — *Assistant Secretary*

Stock Option Plan

On August 2, 1955, shareholders approved a restricted stock option plan for officers and key employees of the Company and its subsidiaries to the extent of 240,811 unissued shares of common stock. Option prices are not less than 95% of fair market value at dates of grant (110% in the case of a person possessing 10% or more of the combined voting power of the Company).

In 1959, options covering 29,180 shares were exercised at prices ranging from \$17.69 to \$19.00 a share.

At December 31, 1959, the following options were outstanding:

Date of Grant	Number of Optioned Shares	Option Price
August 15, 1955.....	36,121	\$25.30
November 14, 1955.....	20,520	19.00
January 10, 1957.....	1,850	18.41
October 22, 1958.....	1,250	20.90
December 18, 1958.....	1,000	21.02
Total shares.....	60,741	

Legal Proceedings

On October 10, 1957, the Federal Trade Commission entered an order to the effect that the Company had violated antitrust laws which would prohibit the Company from cutting prices in any market where it is in competition with other brewers, unless it reduces its prices for the same quantity of beer everywhere by the same percentage. The Company appealed this order to the United States Court of Appeals for the Seventh Circuit and was successful in having the order reversed. The Federal Trade Commission has secured a writ of certiorari and the appeal from the decision of the United States Court of Appeals for the Seventh Circuit is pending presently in the United States Supreme Court.

On October 30, 1958, the United States, acting under the direction of the Attorney General, filed a complaint against the Company and the corporations from which the Company purchased the Miami Regal brewery, alleging that the effect of such acquisition may be substantially to lessen competition or to tend to create a monopoly in the production and sale of beer in the State of Florida and in various sections thereof, in violation of Section 7 of the Clayton Act, and seeking an order requiring that the Company divest itself of all of the business acquired from such other corporations, including trademarks, inventory and assets relating to the production of Regal beer in Florida. The Company has negotiated with the

United States a consent judgment which among other things requires the Company to offer for sale the Miami Regal brewery at a price and upon terms which are acceptable to the Honorable United States District Judge having due regard for the reasonable market value of the Miami Regal brewery and the necessity of effecting a prompt sale.

The Company was defendant in certain other lawsuits at December 31, 1959, the ultimate outcome of which cannot be determined at this time. The Company's liability under such suits, if any, would not materially affect its financial condition or operations.

ANHEUSER-BUSCH PLANT LOCATIONS . . .



CONSOLIDATED BALANCE SHEET

December 31, 1959 And 1958



ASSETS

1959

1958

CURRENT ASSETS:

Cash.....	\$ 11,791,655	\$ 9,789,373
Securities - at cost (approximate market):		
United States Government securities and accrued interest.....	7,845,824	4,938,365
Commercial paper.....		4,003,927
Accounts and notes receivable:		
Trade (less reserves: 1959, \$370,000; 1958, \$360,159).....	12,793,899	12,700,913
Other.....	536,577	686,181
Inventories - (at lower of cost or market, cost being determined under the "last-in, first-out" method as to approximately 30% of total inventories in 1959).....	25,367,627	23,125,803
Total current assets.....	<u>58,335,582</u>	<u>55,244,562</u>

MISCELLANEOUS NON-CURRENT ASSETS.....	<u>990,082</u>	<u>1,032,904</u>
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OTHER ASSETS:

Investment and advances - St. Louis National Baseball Club, Inc.....	3,150,000	3,150,000
Busch Stadium - net.....	<u>1,772,643</u>	<u>1,933,498</u>
Total other assets.....	<u>4,922,643</u>	<u>5,083,498</u>

PROPERTY:

Plant and branch property - at cost (less reserve for depreciation: 1959, \$73,256,217; 1958, \$64,775,396).....	100,933,260	89,747,705
Construction in progress.....	4,449,790	11,951,945
Real estate, other than plant property - at cost (less reserve for depreciation: 1959, \$625,280; 1958, \$598,770) ..	485,506	470,307
Cooperage - at cost (less reserve for depreciation: 1959, \$8,581,408; 1958, \$8,475,434).....	<u>412,832</u>	<u>476,189</u>
Net property.....	<u>106,281,388</u>	<u>102,646,146</u>

DEFERRED CHARGES.....	<u>3,202,737</u>	<u>3,160,654</u>
TOTAL.....	<u>\$173,732,432</u>	<u>\$167,167,764</u>

ANHEUSER-BUSCH, INCORPORATED *and subsidiaries*

LIABILITIES

1959

1958

CURRENT LIABILITIES:

Accounts payable.....	\$ 6,096,217	\$ 7,600,144
Miscellaneous taxes and expenses.....	3,065,087	1,932,873
Accrued salaries and wages.....	2,166,329	1,712,569
Income taxes - estimated:		
Federal (after deduction of United States Government securities: 1959, \$9,841,219; 1958, \$6,452,516).....	378,781	1,607,484
State.....	<u>460,000</u>	<u>230,000</u>
Total current liabilities.....	<u>12,166,414</u>	<u>13,083,070</u>

LONG-TERM DEBT:

3½% debentures maturing 1961 to 1977, less \$2,299,000 in treasury in 1959 and \$2,255,000 in 1958.....	23,016,000	23,060,000
4% notes payable maturing 1961 to 1963.....	<u>2,700,000</u>	<u>2,700,000</u>
Total long-term debt.....	<u>25,716,000</u>	<u>25,760,000</u>

CAPITAL STOCK AND SURPLUS:

Common stock - authorized, 6,000,000 shares, par value \$4 each (210,831 shares reserved under stock option plan); issued, 4,873,105 shares in 1959.....	19,492,420	19,375,700
Capital surplus (principally arising from stock dividends) ..	8,722,112	8,301,819
Earned surplus (\$55,343,952 restricted as to payment of dividends under Indenture relating to 3½% Debentures) ..	<u>108,112,538</u>	<u>101,124,227</u>
Total.....	136,327,070	128,801,746
Less cost of treasury stock - 21,407 shares.....	<u>477,052</u>	<u>477,052</u>
Capital stock (4,851,698 shares in 1959) and surplus.....	<u>135,850,018</u>	<u>128,324,694</u>
TOTAL.....	<u>\$173,732,432</u>	<u>\$167,167,764</u>

The above statement should be read in conjunction with pages 10 and 11 of this report.

STATEMENT OF CONSOLIDATED INCOME

FOR THE YEARS ENDED DECEMBER 31, 1959 AND 1958

	1959	1958
SALES, LESS FREIGHT, DISCOUNTS, AND ALLOWANCES.....	\$382,724,798	\$331,723,834
LESS FEDERAL AND STATE BEER TAXES.....	86,732,776	74,610,986
NET SALES.....	295,992,022	257,112,848
COST OF SALES.....	207,338,414	181,282,643
GROSS PROFIT ON SALES.....	88,653,608	75,830,205
OPERATING EXPENSES:		
Advertising, selling, and delivery.....	51,280,375	47,590,009
General and administrative, and research.....	8,272,623	5,985,050
Total.....	59,552,998	53,575,059
PROFIT FROM OPERATIONS.....	29,100,610	22,255,146
OTHER INCOME:		
Interest.....	374,072	428,003
Cash discounts on purchases.....	884,887	714,784
Income from rentals-net.....	24,658	26,954
Miscellaneous.....	107,334	51,993
Total.....	1,390,951	1,221,734
TOTAL.....	30,491,561	23,476,880
INCOME CHARGES:		
Interest expense.....	889,950	979,926
Busch Stadium expenses in excess of rentals.....	366,394	323,015
Net loss (profit) on disposition of property.....	96,300	(380,565)
Miscellaneous.....	63,801	65,282
Total.....	1,416,445	987,658
NET INCOME BEFORE PROVISION FOR INCOME TAXES.....	29,075,116	22,489,222
PROVISION FOR INCOME TAXES.....	16,046,444	11,652,916
NET INCOME FOR THE YEAR.....	\$ 13,028,672	\$ 10,836,306
PROVISION FOR DEPRECIATION (INCLUDED ABOVE).....	\$ 10,082,726	\$ 8,496,850

STATEMENT OF CONSOLIDATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1959

	Earned Surplus	Capital Surplus
BALANCE, JANUARY 1, 1959.....	\$101,124,227	\$ 8,301,819
ADD:		
Net income for the year.....	13,028,672	
Excess of option price over par value of common stock sold under stock option plan.....		420,293
Total.....	114,152,899	8,722,112
DEDUCT-Cash dividends-\$1.25 a share.....	6,040,361	
BALANCE, DECEMBER 31, 1959.....	\$108,112,538	\$ 8,722,112

*The above statements should be read in conjunction
with pages 10 and 11 of this report.*

ACCOUNTANTS' OPINION

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

BOATMEN'S BANK BUILDING
SAINT LOUIS 2

Anheuser-Busch, Incorporated:

We have examined the consolidated balance sheet of Anheuser-Busch, Incorporated and its subsidiaries as of December 31, 1959 and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of the companies at December 31, 1959 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

Saint Louis, Missouri,
February 20, 1960.



10 YEAR SUMMARY OF FINANCIAL CONDITION

ASSETS

CURRENT ASSETS:

	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
Cash.....	\$ 11,791,655	\$ 9,789,373	\$ 11,917,955	\$ 13,140,748	\$ 18,478,350	\$ 19,773,495	\$ 11,716,696	\$ 20,105,699	\$ 12,805,120	\$ 6,596,747
United States Government Securities	7,845,824	4,938,365	21,348,932	12,019,392	618,626	5,583,526	4,889,879	5,523,588	549,750	991,600
Commercial paper		4,003,927	995,318	978,342	985,000			3,939,889		
Receivables, less reserve	13,330,476	13,387,094	11,800,600	10,497,437	10,135,796	9,100,357	7,781,676	9,726,364	8,418,405	8,983,290
Advance on purchase commitments					297,701		717,020			
Inventories	25,367,627	23,125,803	21,163,921	22,784,452	21,915,505	25,405,591	25,174,223	24,821,310	29,246,883	20,015,861
Total current assets	\$ 58,335,582	\$ 55,244,562	\$ 67,226,726	\$ 59,420,371	\$ 52,430,978	\$ 59,862,969	\$ 50,279,494	\$ 64,116,850	\$ 51,020,158	\$ 36,587,498

MISCELLANEOUS

NON-CURRENT ASSETS	\$ 990,082	\$ 1,032,904	\$ 1,018,259	\$ 588,995	\$ 506,392	\$ 369,507	\$ 298,894	\$ 272,121	\$ 169,575	\$ 375,750
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INVESTMENT AND ADVANCES—ST. LOUIS NATIONAL BASEBALL CLUB, INC. (including Busch Stadium)

	\$ 4,922,643	\$ 5,083,498	\$ 5,317,332	\$ 6,408,894	\$ 6,650,217	\$ 6,530,349	\$ 4,876,167			
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PROPERTY (Depreciated value):

Plant and branch property	\$100,933,260	\$ 89,747,705	\$ 85,621,658	\$ 88,767,121	\$ 92,309,841	\$ 93,055,499	\$ 75,112,809	\$ 71,086,215	\$ 69,382,748	\$ 41,137,969
Construction in progress	4,449,790	11,951,945	1,860,747	698,539	672,151	2,200,538	14,798,570	3,614,727	2,870,218	13,916,183
Real estate other than plant property	485,506	470,307	420,337	387,064	394,756	459,856	602,828	614,571	932,562	1,016,072
Cooperage	412,832	476,189	222,433	343,501	367,949	363,999	694,224	1,440,533	2,613,949	3,436,602
Net property	\$106,281,388	\$102,646,146	\$ 88,125,175	\$ 90,196,225	\$ 93,744,697	\$ 96,079,892	\$ 91,208,431	\$ 76,756,046	\$ 75,799,477	\$ 59,506,826

DEFERRED CHARGES

	\$ 3,202,737	\$ 3,160,654	\$ 2,711,985	\$ 2,429,544	\$ 3,323,401	\$ 2,718,358	\$ 2,407,583	\$ 2,308,546	\$ 2,255,776	\$ 1,959,470
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TOTAL

	\$173,732,432	\$167,167,764	\$164,399,477	\$159,044,029	\$156,655,685	\$165,561,075	\$149,070,569	\$143,453,563	\$129,244,986	\$ 98,429,544
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LIABILITIES

1959

1958

1957

1956

1955

1954

1953

1952

1951

1950

CURRENT LIABILITIES:

Long-term debt due in one year.
Notes payable to banks.....
Accounts payable and accrued expenses.....
Income taxes.....
Tax notes.....
Total current liabilities.....

\$ 11,327,633	\$ 11,245,586	\$ 9,036,915	\$ 8,468,150	\$ 8,423,065	\$ 8,185,797	\$ 7,489,766	\$ 7,620,309	\$ 7,862,795	\$ 6,152,455
10,680,000	8,290,000	7,787,000	8,549,500	8,820,000	14,765,000	22,950,000	19,230,000	10,439,000	12,135,000
9,841,219	6,452,516	2,921,982	5,796,147	8,159,329	5,000,000	22,650,000	16,350,000	350,000	6,358,000
\$ 12,166,414	\$ 13,083,070	\$ 13,901,933	\$ 11,221,503	\$ 9,878,736	\$ 19,490,797	\$ 8,574,766	\$ 10,500,309	\$ 22,951,795	\$ 11,929,455

LONG-TERM DEBT:

3½ % debentures maturing from 1961 to 1977 (less \$2,299,000 treasury bonds in 1959).....
4 % notes payable (due 1961-1963).....
Mortgage on Busch Stadium.....
Notes payable to banks.....
Total long-term debt.....

\$ 23,016,000	\$ 23,060,000	\$ 27,231,000	\$ 28,549,000	\$ 31,275,000	\$ 32,765,000	\$ 34,255,000	\$ 35,000,000		
2,700,000	2,700,000			325,000	375,000	425,000			
\$ 25,716,000	\$ 25,760,000	\$ 27,231,000	\$ 28,549,000	\$ 31,600,000	\$ 33,140,000	\$ 34,680,000	\$ 35,000,000	\$ 15,000,000	\$ 15,000,000

CAPITAL STOCK AND SURPLUS:

Common stock — authorized, 6,000,000 shares, par value \$4 each, (210,831 reserved under stock option plan) issued, 4,873,105 shares.....
Capital surplus.....
Earned surplus (\$55,343,952 restricted as to payment of dividends under indenture relating to 3½ % debentures).....
Total.....

\$ 19,492,420	\$ 19,375,700	\$ 19,373,900	\$ 19,373,500	\$ 19,372,500	\$ 19,372,500	\$ 18,900,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000
8,722,112	8,301,819	8,295,128	8,293,687	8,289,937	8,289,937	5,705,625			
108,112,538	101,124,227	96,074,568	92,083,391	88,112,907	85,866,216	81,808,553	80,551,629	73,891,566	68,500,089
\$136,327,070	\$128,801,746	\$123,743,596	\$119,750,578	\$115,775,344	\$113,528,653	\$106,414,178	\$ 98,551,629	\$ 91,891,566	\$ 86,500,089

Less cost of treasury stock — 21,407 shares.....
Capital stock (4,851,698 shares) and surplus.....
Per share.....
TOTAL.....

477,052	477,052	477,052	477,052	598,395	598,375	598,375	598,375	598,375	
\$135,850,018	\$128,324,694	\$123,266,544	\$119,273,526	\$115,176,949	\$112,930,278	\$105,815,803	\$ 97,953,254	\$ 91,293,191	\$ 86,500,089
28.00	26.61	25.56	24.74	23.89	23.42	21.94	20.31	18.93	17.94
\$173,732,432	\$167,167,764	\$164,399,477	\$159,044,029	\$156,655,685	\$165,561,075	\$149,070,569	\$143,453,563	\$129,244,986	\$ 98,429,544

SALES, INCOME, DIVIDENDS, INCOME REINVESTED, DEPRECIATION and PAYROLLS...

	Barrels	Net Sales	Income Before Taxes	Earnings	Earnings Per Share	.. Dividends Paid .. \$Shares Outstanding	Per Share	Earnings Reinvested	Depreciation Charged to Operations	Direct Payroll
1933....	607,511	\$ 15,049,833	\$ 457,251	\$ 325,529	\$ 1.81	180,000	\$ 3.00†		\$ 975,821	NA
1934....	1,093,223	16,843,719	1,083,704	907,767	5.04	180,000	1.00	\$ 727,767	1,152,746	NA
1935....	1,135,776	17,223,306	1,049,258	891,918	4.96	180,000	1.00‡	486,918	1,207,543	\$ 5,576,000
1936....	1,376,692	21,150,154	3,715,984	3,041,653	16.90	180,000	12.00	881,653	1,285,920	6,356,000
1937....	1,839,960	33,311,896	5,771,871	4,164,245	23.13	180,000	8.00	2,724,245	1,249,768	8,250,000
1938....	2,087,188	35,803,704	6,773,409	5,445,867	6.05	900,000	1.60	4,005,867	1,428,096	8,922,000
1939....	2,305,988	39,397,379	8,667,745	7,013,250	7.79	900,000	3.50	3,863,250	1,518,393	9,532,000
1940....	2,462,211	42,859,413	8,624,393	6,407,883	7.12	900,000	4.00	2,807,883	1,709,360	10,288,000
1941....	3,089,954	55,945,667	12,774,685	6,780,492	7.53	900,000	5.00	2,280,492	2,011,846	12,163,000
1942....	3,492,343	68,009,070	15,744,654	6,439,818	7.16	900,000	3.75	3,064,818	2,463,575	13,690,000
1943....	3,569,030	74,752,235	14,614,373	6,081,789	6.76	900,000	4.75	1,806,789	2,448,032	16,177,000
1944....	3,692,352	76,668,879	13,755,798	5,639,253	6.27	900,000	4.00	2,039,253	2,662,119	16,825,000
1945....	3,529,468	76,153,543	12,726,620	5,613,605	6.24	900,000	4.00	2,013,605	2,922,451	17,871,000
1946....	3,026,413*	75,229,683	13,814,970	8,461,311	9.40	900,000	5.00	3,961,311	2,109,559	18,191,000
1947....	3,608,903	104,401,628	16,221,459	9,883,845	2.20	4,500,000	1.20	4,483,845	2,240,280	23,096,000
1948....	4,042,181	122,848,790	21,999,072	13,459,808	2.99	4,500,000	1.00	8,959,808	2,716,100	25,951,000
1949....	4,526,115	135,304,255	23,780,430	14,509,752	3.22	4,500,000	1.00	10,009,752	3,343,994	29,178,000
1950....	4,888,732	151,565,906	24,893,941	13,247,712	2.94	4,500,000	1.20	7,847,712	3,872,468	33,690,000
1951....	5,479,314	179,405,026	20,926,313	10,776,927	2.41	4,475,000	1.20	5,391,477	5,053,180	39,175,000
1952....	6,034,443	208,155,695	31,375,205	12,030,063	2.69	4,475,000	1.20	6,660,063	5,391,292	42,535,000
1953....	6,711,222	237,003,969	36,077,913	13,232,549	2.82	4,698,750	1.20†	7,862,549	5,607,631	49,629,000
1954....	5,828,760	215,923,244	27,231,414	12,752,975	2.65	4,816,218	1.20†	7,114,475	6,427,030	49,415,000
1955....	5,616,793	201,718,743	17,274,396	8,026,152	1.67	4,816,218	1.20	2,246,691	7,186,735	50,011,000
1956....	5,864,034	214,692,297	19,786,812	9,751,671	2.02	4,821,968	1.20	3,970,484	7,352,741	52,528,000
1957....	6,116,077	227,224,930	19,955,587	9,777,599	2.03	4,822,068	1.20	3,991,177	7,508,440	53,238,000
1958....	6,982,022	257,112,848	22,489,222	10,836,305	2.25	4,822,518	1.20	5,049,659	8,496,850	57,620,000
1959....	8,064,756	295,992,022	29,075,116	13,028,672	2.69	4,851,698	1.25	6,988,311	10,082,726	62,843,000

‡Shares outstanding at December 31st.

†In addition to cash dividends of \$3.00 per share paid in 1933 and \$1.00 per share in 1935, there was a distribution of 18,000 shares of The Borden Company stock in 1933 and 9,000 shares of The Borden Company stock in 1935.

†In addition to cash dividend of \$1.20 per share paid in 1953 and 1954, a 5% dividend in shares of the corporation was distributed on December 30, 1953; and a 2½% dividend in shares of the corporation was distributed on December 30, 1954.

*Presidential Order effective March 1st reduced quantity of grains used in brewing to 70% of 1945 usage. Reduction remained in effect until September 1st when usage was increased to 85%, restriction removed on December 1st.

The story

behind the label

"... IT'S RIGHT THERE
IN BLUE AND WHITE ON
EVERY BUDWEISER LABEL
— SEVEN PROUD WORDS —
CHOICEST HOPS, RICE AND
BEST BARLEY MALT. THAT'S IT.
THE SECRET BEHIND THE
WONDERFUL REFRESHMENT OF
BUDWEISER, THE KEY TO
THAT REMARKABLY
SATISFYING TASTE..."

(— from a Budweiser commercial —)





From the skylight at the top of the Brew House, where the Budweiser process begins, hangs a magnificent chandelier that attracts thousands of visitors each year. Its stem is a reproduction of a hop vine, emblem of Budweiser taste and quality. It "grows" the five floors of the Brew House in which Budweiser goes through its special process.



The finest available two-row barley is cleaned, sized and malted and then sent to the malt mills in the Brewhouse.

On the following pages, THE STORY BEHIND THE LABEL shows how the finest ingredients are blended according to an age-old formula to brew Budweiser—truly, The King of Beers.



Huge grinding mills crush the malted barley.



Grinding mills are cleaned several times a day. Budweiser is brewed under sparkling clean conditions from start to finish.

COLD WATER



Samples of malted barley are taken for testing in the laboratory.

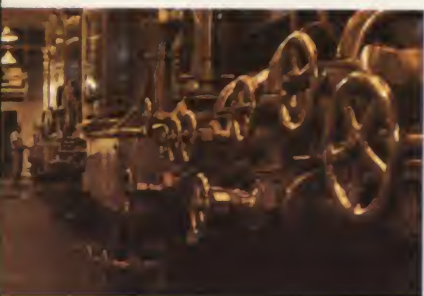


Samples of rice, Budweiser's second main ingredient, join the barley. Quality of ingredients and efficiency of machines is constantly checked by brewhouse technicians.

The ground, malted barley is measured out on huge scales and then mixed with water in mash tanks.



Rice is crushed in separate grinding mills, weighed and mixed with the malted barley and water in the mash tanks.



From the mash tanks
the mash is sent
to the straining tanks.

The wort is sent from
the straining tanks to the
brew kettles through
copper grants where
samples are drawn off.

There, the clear,
amber liquid called
wort is separated
from the mash.



The wort passes to the
huge, copper brew kettles.



Budweiser's choicest
hops are blended with
the wort in the copper
brew kettles and brought
to a boil. Then, the
wort is passed through
the hops strainer and
sent to the cooling towers.

From the cooling towers, the wort is sent to the starting cellars where yeast is added and fermentation begins. When the beer is fully fermented, it is moved to the Lager Cellars where it is aged in huge glass-lined tanks (below). Beechwood chips (right) cover the lower quarter of the tanks, creating a



natural clarification process for the beer. While in these tanks, a small amount of freshly yeasted wort is added to the beer, causing a second fermentation which produces Budweiser's natural carbonation and delightful flavor.

Samples of each brewing of Budweiser are checked in the laboratory and a record of the test is maintained.



Throughout the brewing process, Budweiser undergoes frequent scientific tests to insure continuity of quality.





Modern electronic equipment is used in these tests on the age-old Budweiser formula.

The brewmaster checks taste, color, carbonation, alcoholic content, stability and other important beer characteristics to make sure that each brew of Budweiser is of uniform high quality.



Having passed all the tests, the filtered Budweiser is bottled and gets one more inspection for clarity and full measure before being cased. Canned Budweiser is checked with electronic equipment.

BUDWEISER BAKERS YEAST

Produced at the St. Louis, Mo. and Old Bridge, N. J. plants, Anheuser-Busch is the second largest supplier of bakers yeast in the world.



BUD BRAND EGGS

A complete line of frozen and dried solids constitutes a major source of supply to bakers and other food processors throughout the nation.



GUARD

Used in the baking industry as a mold inhibitor for bread and cakes.



STARCHES AND GUMS

These products are widely used in the manufacturing and processing of paper, textiles, food and even in the drilling of oil wells.



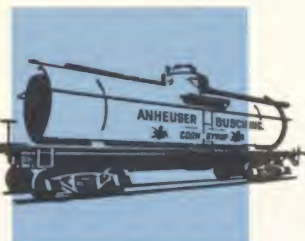
DRIED YEASTS

These products are used as flavoring agents to impart cheese, chicken or meat flavors to foods as sources of protein and as sources of the natural B vitamin complex. Products rich in the important Vitamin B12 are being produced and marketed.



CORN SYRUPS

Sold nationally in tank cars, tank trucks, and drums to confectioners, syrup mixers, canners, bakers and ice cream manufacturers.



Bud Liquid Sweetener; Dextrines; Bud Honey, Bud Waffle, Bud Golden, Bud Crystal and Delta table syrups; Liquid Laundry Starch; Bakers Cream; Baking Powder; Diastatic Supplement; Dried Yeasts & Derivatives; Enrichment Wafers, Yeast Food.

OTHER PRODUCTS

A·B
PRODUCTS



Budweiser, Michelob, Bud, Busch, Regal—registered trademarks of Anheuser-Busch, Inc.

THE FLORIDA HOME OF BUDWEISER



The Tampa plant began brewing operations in the spring of 1959. Its original 500,000 barrel shipping capacity couldn't meet Florida's demand for Budweiser and facilities are being expanded.

Unique in every respect, Busch Gardens, a new industrial concept, has attracted visitors from all over the world.

At ceremonies in March, 1959, a memorial plaque was unveiled by Adolphus Busch IV, great-grandson of the founder of the company, formally dedicating Busch Gardens to the past presidents of the company.

